

Message Text

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21 45

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 DPW-01 AID-20 IGA-02 EB-11

OMB-01 TRSE-00 CIEP-02 DRC-01 /158 W
----- 129245

R 020900Z OCT 73 ZDK
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7173
INFO AMEMBASSY SAIGON
AMEMBASSY VIENTIANE
AMEMBASSY PHNOM PENH

C O N F I D E N T I A L TOKYO 12717

C O R R E C T E D C O P Y - SUMMARY PARA

E.O. 11652: GDS
TAGS/ EAID JA VS LA CB
SUBJ: JAPANESE AID TO INDOCHINA

REF: A) TOKYO 11544 B) STATE 157018

SUMMARY: GOJ IS CONTINUING NECESSARY INTERNAL STEPS TO PROVIDE PROMISED AID TO SOUTH VIETNAM. IT IS POSSIBLE THAT GRANT FUNDS FOR LAOS WILL BE REQUESTED IN SUPPLEMENTARY BUDGET, BUT IT IS UNLIKELY AT THIS TIME THAT FUNDS FOR CAMBODIA WILL BE SOUGHT. FONOFF REQUESTS INFO ON USG COMMODITY IMPORT PROGRAM IN RVN. END SUMMARY.

1. IN SEPARATE CONVERSATIONS SEPT 26 WITH KAZUHARA, DEPUTY HEAD, FIRST SOUTHEAST ASIA DIVISION, AND SEPT 28 WITH WATANABE, DEPUTY HEAD, FIRST ECONOMIC COOPERATION DIVISION, FONOFF, EMBOFF INQUIRED ABOUT PRESENT STATUS OF PROMISED \$50 MILLION AID TO SOUTH VIETNAM, AS WELL AS AID TO OTHER INDOCHINA COUNTRIES.
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KAZUHARA AND WATANABE PROVIDED THE FOLLOWING INFORMATION.

2. SOUTH VIETNAM:

(A) WORKING LEVEL DISCUSSIONS ARE NOW PROCEEDING BETWEEN FONOFF AND MINISTRY OF FINANCE (MOF) RE GRANT AID, FUNDS FOR WHICH WILL BE REQUESTED IN SUPPLEMENTARY BUDGET. BEFORE BEING ABLE TO PRESENT BUDGET REQUEST FOR GRANT AID TO MOF, FONOFF WILL NEED TO HAVE BETTER IDEA OF CONTENTS AND MODES OF PROPOSED ASSISTANCE. ACCORDINGLY, FONOFF INTENDS TO BEGIN DISCUSSIONS SOON WITH GVN ON THESE MATTERS WITH THE OBJECT OF COMPLETING DISCUSSIONS WITH BOTH GVN AND MOF IN TIME TO SUBMIT SUPPLEMENATRY BUDGET REQUEST TO EXTRAORDINARY DIET SESSION LIKELY TO BE CONVENED LATE OCTOBER. FONOFF DESIROUS OF DISBURSING ENTIRE \$50 MILLION (\$20 MILLION GRANT AND \$30 MILLION LOAN) BY END OF JFY 1973 (MARCH 31, 1974), BUT NOT CERTAIN THIS CAN BE DONE.

(B) SIMILARLY, INTERMINISTERIAL CONSULTATIONS AND COLLECTION OF DATA CONCERNING LOANS TO SOUTH VIETNAM ARE PROCEEDING WITHIN GOJ. FONOFF HAS ALREADY BEGUN DISCUSSION OF LOANS WITH GVN. SINCE GOJ HOPES TO EXTEND ENTIRE AMOUNT OF LOAN ASSISTANCE AS COMMODITY LOANS, DISBURSEMENT PERIOD FOLLOWING COMMITMENT WOULD BE RELATIVELY SHORT (CONCEIVABLY AS LITTLE AS ONE MONTH, DEPENDING ON GVN ACTIONS). LOAN COMMITMENT WILL LIKELY OCCUR AT ABOUT SAME TIME AS GRANT COMMITMENT, TIMING OF LATTER DEPENDS ON BUDGETARY PROCESS.

(C) GOJ IS ANXIOUS THAT ITS COMMODITY LOANS BE DISBURSED IN COORDINATION AND WITHOUT CONFLICT WITH USG COMMODITY IMPORT PROGRAM(CIP). FONOFF WOULD MOST APPRECIATE AS COMPLETE INFORMATION AS POSSIBLE CONCERNING USG CIP, INCLUDING REGULATIONS AND DETAILS OF EXECUTION. GOJ WOULD ALSO APPRECIATE LIST OF COMMODITIES BEING SUPPLIED AND TO BE SUPPLIED, BROKEN DOWN BY KIND, QUANTITY, AND VALUE. EMBOFF UNDERTOOK TO TRY TO OBTAIN THIS INFO.

3. NORTH VIETNAM:

(A) KAZUHARA INQUIRED CONCERNING USG POLICY TOWARDS AID TO DRV. DRAWING ON REFTEL B, EMBOFF EXPLAINED USG POLICY. KAZUHARA NOTED THAT GOJ HAS A QTE BALANCE PROBLEM UNQTE IN THAT HERETOFORE GOJ HAS PROVIDED \$40
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MILLION IN REPARATIONS TO SOUTH VIETNAM AND NOW PLANS TO GIVE ADDITIONAL \$50 MILLION AID.

(B) PRESS ARTICLES DISCUSSING DISPATCH OF GOJ FACT-FINDING MISSION TO DRV ARE SPECULATION. AT THIS TIME GOJ HAS NO SPECIFIC IDEAS CONCERNING SUCH A MISSION.

4. LAOS AND CAMBODIA: IT RATHER LIKELY THAT AT LEAST SOME FUNDS FOR LAOS WILL BE REQUESTED IN SUPPLEMENTARY

BUDGET. DUE TO UNCERTAINTIES OF CAMBODIAN QUESTION,
HOWEVER, GOJ IS NOT PLANNING ANY NEW GRANT ASSISTANCE FOR
CAMBODIA AT THIS TIME; POLICY ON THIS POINT REMAINS TO
BE DECIDED IN FUTURE.

5. ACTION REQUESTED: REQUEST EMBASSY SAIGON PROVIDE
RELEVANT INFORMATION ON CIP EITHER FOR EMBASSY TO TRANS-
MIT TO FONOFF OR DIRECTLY TO GOJ EMBASSY SAIGON IF THIS
MORE CONVENIENT. PLEASE ADVISE.
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